

SAFETEA-LU

Safe

Accountable

Flexible

Efficient

Transportation Equity Act:

A Legacy for Users

Noteworthy Impacts & Provisions for Alaska

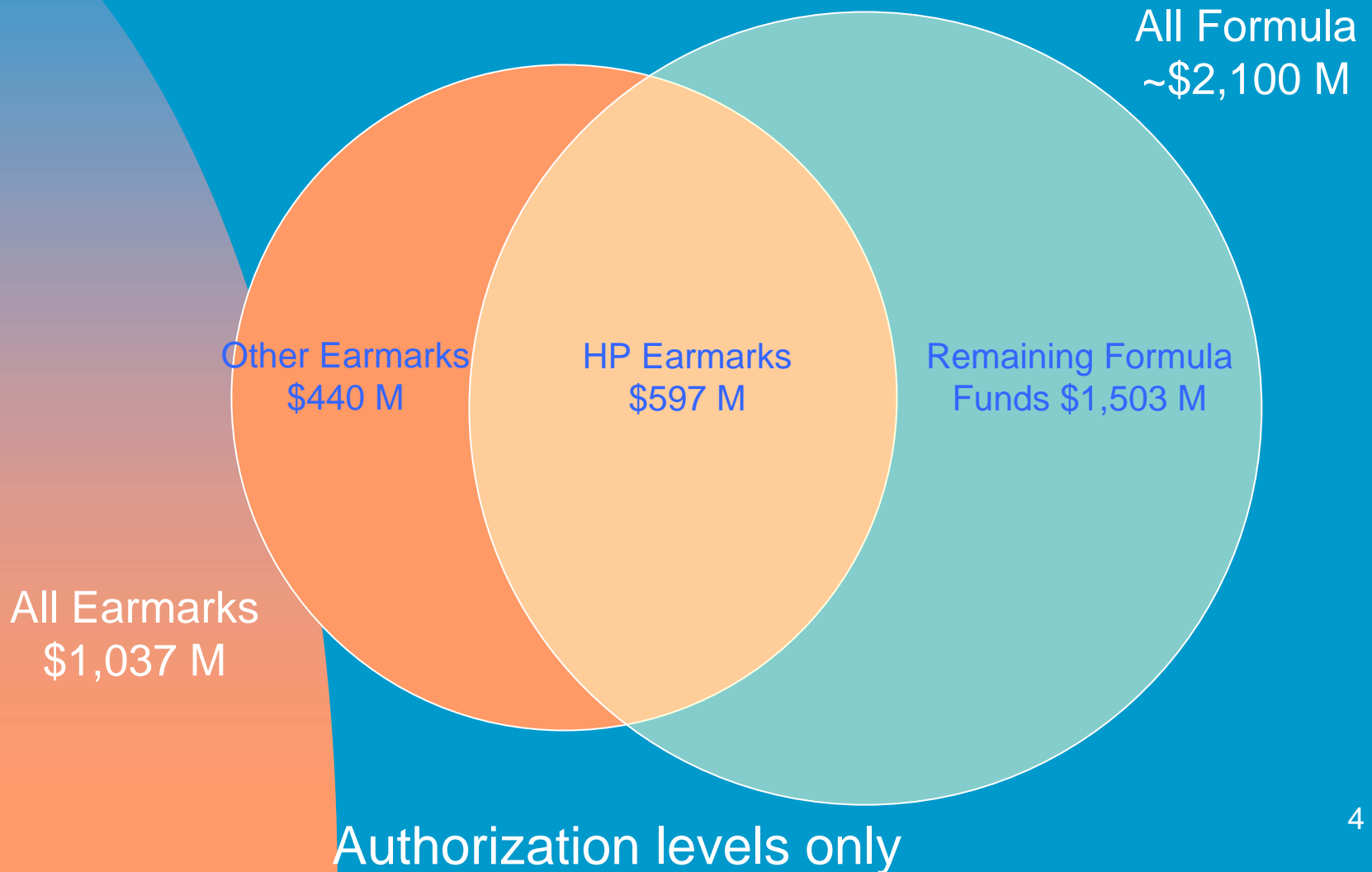
Outline of Discussion

- Funding levels to Alaska
 - ◆ Earmarks
 - ◆ Core formula funds for other needs
 - ◆ Implications for STIP 2006-2009
 - ◆ Bill's effects on 2005 year
- Policy changes of significance
 - ◆ Denali Commission
 - ◆ NEPA changes

TEA-21 1998-2004 versus SAFETEA-LU 2005 - 2009

- Total authorized funds increase ~31%
- Earmarks exceed \$1 Billion
 - ◆ Some earmarks deductive
- Core formula funds decrease
 - ◆ Deductive earmarks
 - ◆ Restricted portion of these funds has grown disproportionately
 - ◆ Trust fund accelerating (then) v. slowing (now)

Earmarks & Formula

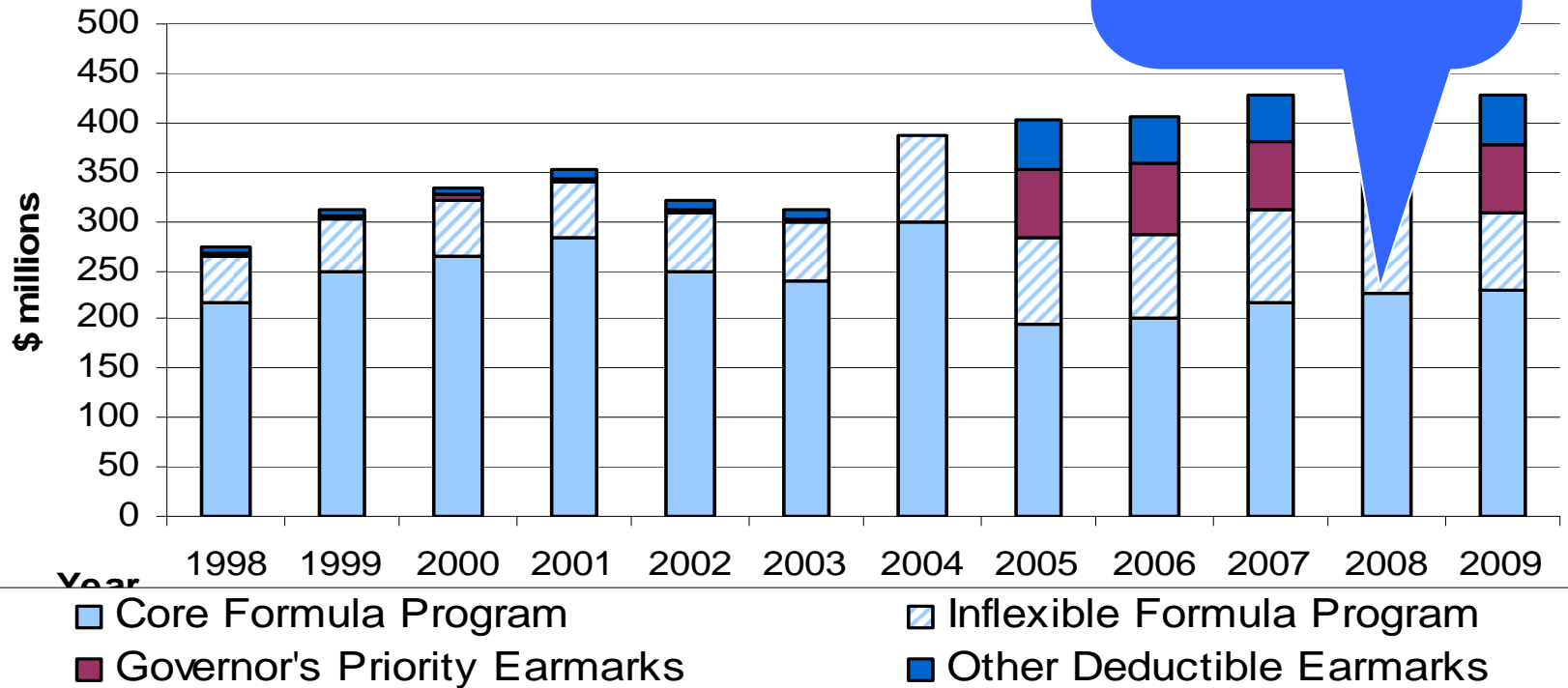


Highway Funds Authorized

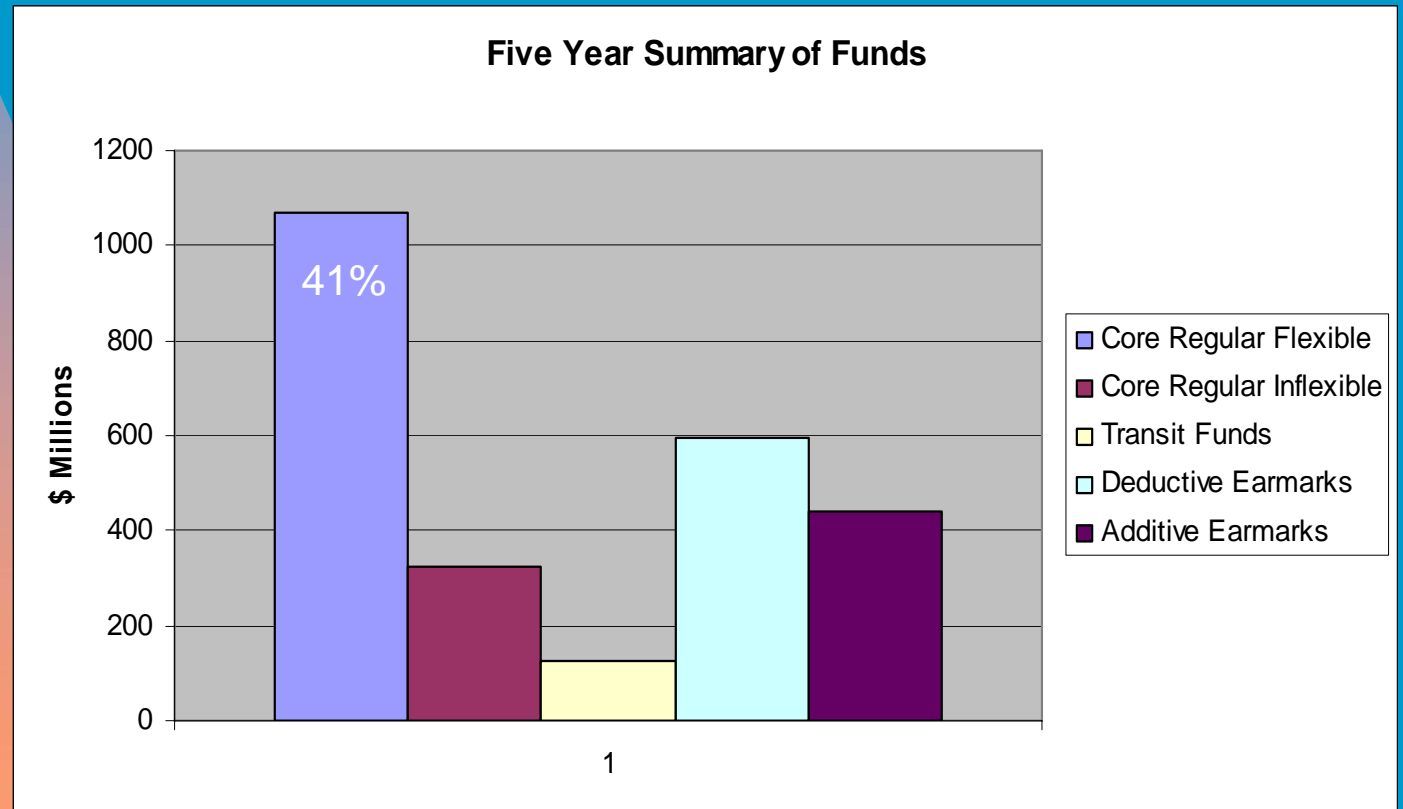
1998-2009

2008=1998 in
core funds

1998 - 2009 Federal Highway Funds



Authorized Fund Summary: 2005-2009



41% of funds available for regular, discretionary highway work.

Reasons we believe earmarks are deductive

- FHWA-issued funding tables
- DC staff feedback
- Same as how HP earmarks worked in TEA-21
- Pressure on bill's funding cap
 - ◆ President's cap on funding
 - ◆ Intense donor-donee debate
- 2005 FHWA notices showing decreased funds

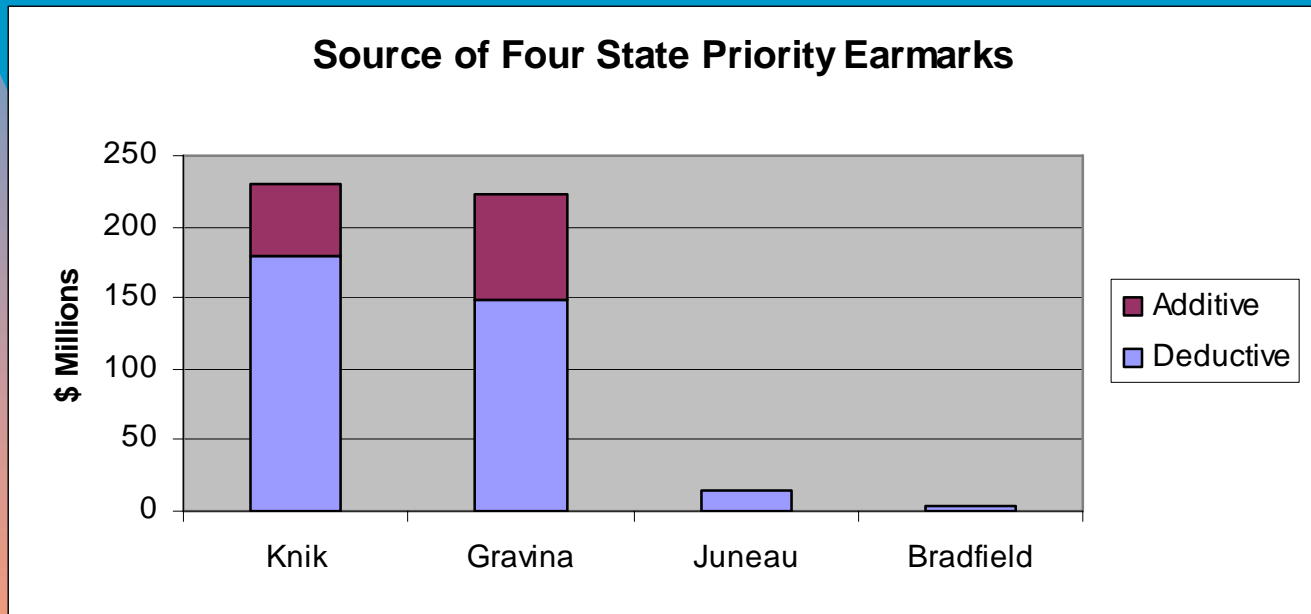
Core Formula Funds

- Projects eligible for discretionary selection
 - ◆ Allocations to STIP
 - ◆ Sub-allocations to AMATS and FMATS
- Substantial decrease from TEA-21 era, due to:
 - ◆ Earmark deductions from core formula funds
 - ◆ Changes in eligibility of remaining funds
 - ◆ Lower appropriations levels from HTF
- Katrina emergency relief could further reduce

What are Inflexible Core Funds?

- Several categories of funds are tightly restricted as to eligibility
- These inflexible funds make up 23% of total core regular funds:
 - ◆ Bridge (restricted to deficiencies)
 - ◆ CM/AQ (congestion/air quality)
 - ◆ Enhancements (trails, amenities)
 - ◆ Planning and research (state and urban)
 - ◆ Recreational trails (hiking)
 - ◆ Safety (Setasides, HSIP, RR Xing, Safe Routes)
 - ◆ Border infrastructure
- These inflexible categories have grown sharply and new ones added

State's Four Priority Earmarks Funding Sources



Earmarks: Issues to Consider

- Earmark projects often not fully funded
- Source of additional funds to be determined
 - ◆ Gravina: ~\$125 M
 - ◆ Knik: ~\$405 M
 - ◆ Juneau Access: ~\$185 M
 - ◆ Other earmarks also
- Core program funds in STIP not sufficient to fill out under-funded earmarks even if all core funds were tapped!

Other Significant Earmarks

(over the 5-years of the bill)

Earmark Recipient	Additive	Deductive
Denali Commission	\$100.0	
Ketchikan Shipyard	\$34.0	\$16.0
Port of Anchorage	\$32.0	\$25.0
Alaska Marine Highways	\$86.2	\$15.0
UAF Transportation Research Cnt.	\$16.0	
Alaska Railroad*	\$4.8	\$10.0

* Does not include significant transit funds.

Authorization v. Appropriations

- Bill sets goal for funding; Congress must appropriate funds annually to the authorization
- Historically, appropriations have been ~88% of authorization
- Other reductions occurring too
 - ◆ Byrd test, unexplained recissions
- Final 2005 appropriation net ~ 80%!
 - ◆ Only 84% of authorization and 4% recission

Authorization v. Appropriations (cont.)

- Highway trust fund (HTF) is source for appropriations
- Fuel gallonage tax is primary source of HTF
 - ◆ Impact of \$3+ fuel?
 - ◆ Will consumers change their fuel usage rates structurally?
 - ◆ Effects of Katrina/Rita rebuilding costs?
- STIP estimates must account for appropriations less than authorizations



How FFY 2005 ended up

- At bill passage: 10/12's funds allocated with 2/12's funds still due
- 10/12's funds based on TEA-21 levels
- Due to lower SAFETEA-LU core program: 2/12's is no longer due and ~\$14 M take back.
- Many "expected" 2005 projects delayed to 2006

2006-2009 STIP Funding

■ Average <u>statewide</u> funding levels*:	
◆ Prev. Maint.	\$60.0 Million
◆ NHS	\$74.6
◆ CTP**	\$39.2
◆ TRAAK**	\$2.0
◆ AHS	<u>\$12.4</u>
■ Total	\$188.2 Million

*Excludes safety, bridge, planning, etc.

**Excludes AMATS & FMATS funds

Allows Assumption of NEPA Duties

- Alaska is one of 5 pilot states
- Does not relax legal requirements; just who decides and defends NEPA decisions
- FHWA to establish regulations in 9 months
- Pilot authorizes limited assumption at first
- State intends to aggressively pursue

* These staff and costs now provided by FHWA.

Denali Commission

Establishes Denali Access System Program Advisory Committee

- ◆ Within 3 months
- ◆ Governor to appoint 9 members:
 - ★ Denali Commission co-chair
 - ★ 4 representing Native corporations or Native villages, including one civil engineer
 - ★ 4 representing rural Alaska, including one civil engineer

Wrap up

- Overall funding higher than ever
- Many important earmarks to state, communities, agencies
- Significant program and policy changes important to state and project delivery
- Decrease in discretionary funds for STIP project selection: 2005 & beyond
- High energy prices & hurricanes weigh heavily on Highway Trust Fund